



**FACTORS AFFECTING THE VOLATILITY OF STOCK PRICE  
IN MALAYSIA**

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**BACHELOR OF BUSINESS ADMINISTRATION  
WITH HONOURS (FINANCE)  
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MELAKA CITY CAMPUS**

**JANUARY 2018**

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**Submitted in Partial Fulfillment of the  
Requirement for the  
Bachelor of Business Administration with Honours (Finance)**

**FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA  
MELAKA CITY CAMPUS**

**JANUARY 2018**

**DECLARATION OF ORIGINAL WORK**



**BACHELOR OF BUSINESS ADMINISTRATION  
WITH HONOURS (FINANCE)  
FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA  
“DECLARATION OF ORIGINAL WORK”**

I, Laila Aliza Binti M. Tajudeen, (I/C Number: 940306-04-5448)

Hereby, declare that:

- This work has not previously been accepted in substances for any degree, locally or overseas, and not being concurrently submitted for this degree or any other degrees.
- This project-paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## LETTER OF SUBMISSION

January 2018

Madam Rohaiza Kamis  
Final Year Project's Advisor  
Bachelor of Business Administration (Hons) Finance  
Faculty of Business Management  
Universiti Teknologi MARA,  
Kampus Bandaraya Melaka,  
110 Off Jalan Hang Tuah,  
75300 Melaka.

Dear Madam,

### SUBMISSION OF PROJECT PAPER.

Attached is the project paper titled "Factors affecting the volatility of stock price in Malaysia" to fulfil requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA, Melaka City Campus.

Thank You.

Best Regards,

Laila Aliza Binti M. Tajudeen  
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## **ABSTRACT**

This research paper studies the relationship between stock price of Kuala Lumpur Composite Index (KLCI) with three economic determinants which are Exchange Rate (ER), Money Supply (MS) and Real Interest Rate (RIR) from year 1987 to 2016 on a yearly basis with a total of 30 observations. However, instead of in emerging markets such as Malaysia most of the studies are carried out in developed countries and large economic nations. Thus, this study aims to extend the existing studies to include the impact of several economics determinants namely Exchange Rate (ER), Money Supply (MS) and Real Interest Rate(RIR) on stock price (KLCI). This paper employed Multiple Linear Regression to examine the statistical relationship and to test the hypotheses. The results had portrays that independent variables which are Exchange Rate (ER) and Money Supply (MS) are significant relationship towards stock price (KLCI). Meanwhile, the results indicated that there is insignificant relationship between Real Interest Rate (RIR) with stock price (KLCI).

Key words : Kuala Lumpur Composite Index, stock price, exchange rate, money supply and real interest rate.